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**Sammy Wilson MP MLA, Minister**  
Craigantlet Buildings,  
Stormont, Belfast BT4 3SX

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**Mr Patsy McGlone MLA**  
Northern Ireland Assembly  
Parliament Buildings  
Stormont

8 March 2010

**AQW 5150/10**

**Mr McGlone has asked:**

To ask the Minister of Finance and Personnel, pursuant to AQW 3500/10, to provide further detail on the Small Business Rate Relief Scheme.

**ANSWER**

As previously stated in the reply to AQW 3500/10, a Small Business Rate Relief Scheme is to come into operation on 1 April 2010.

Copies of the Regulations giving effect to the scheme, and the accompanying Explanatory Memorandum, have been placed in the Assembly Library and can be viewed online at <http://www.opsi.gov.uk/sr/sr201000>.

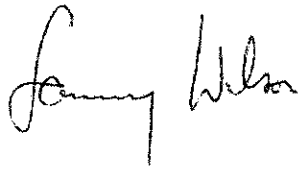
In addition to providing rate relief for small business premises the scheme also provides for enhanced rate relief for premises which are used wholly or partly as a Post Office.

Fact sheets have been produced by Land and Property Services (LPS) explaining the detail of the scheme. As with the Regulations copies of

these factsheets have been placed in the Assembly Library for your information. They can also be viewed on the LPS website at:

[http://www.lpsni.gov.uk/lps fact sheet - small business.14jan2010.pdf](http://www.lpsni.gov.uk/lps%20fact%20sheet%20-%20small%20business.14jan2010.pdf)

[http://www.lpsni.gov.uk/lps fact sheet - post office.pdf](http://www.lpsni.gov.uk/lps%20fact%20sheet%20-%20post%20office.pdf)

A handwritten signature in black ink, appearing to read 'Sammy Wilson'. The signature is written in a cursive style with a large initial 'S'.

**Sammy Wilson MP MLA**

**2010 No. 4**

**RATES**

**Rates (Small Business Hereditament Relief) Regulations  
(Northern Ireland) 2010**

*Made* - - - - - *8th January 2010*  
*Coming into operation* - *1st April 2010*

The Department of Finance and Personnel makes the following Regulations in exercise of the powers conferred by Article 31C of the Rates (Northern Ireland) Order 1977(a).

**Citation and commencement**

1. These Regulations may be cited as the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 and shall come into operation on 1st April 2010.

**Interpretation**

2. In these Regulations---

“the 1977 Order” means the Rates (Northern Ireland) Order 1977;

“electricity undertaker” means a holder of a licence under Article 10(1) of the Electricity (Northern Ireland) Order 1992(b);

“excepted hereditament” means a hereditament which falls within a class of hereditament described in the Schedule;

“gas undertaker” means a holder of a licence under Article 8 of the Gas (Northern Ireland) Order 1996(c);

“Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975(d)

“post office” means a public post office within the meaning of section 42(3) of the Postal Services Act 2000(e);

“qualifying hereditament” means a hereditament ---

(a) which is, or would fall to be, shown in the NAV list;

(b) which is wholly occupied;

(c) which is not an excepted hereditament; and

(d) no part of which is used as a post office;

“qualifying year” means a year ending before the 1st April 2015; and

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(a) S.I. 1977/2157 (N.I. 28); Article 31C was substituted by section 1 of the Rates (Amendment) Act (Northern Ireland) 2009  
(b) S.I. 1992/231 (N.I. 1)  
(c) S.I. 1996/275 (N.I. 2)  
(d) 1975 c.26  
(e) 2000 c.26

“statutory undertaker” means persons authorised by any statutory provision to carry on any railway, road transport, water transport, inland navigation or dock undertaking, or a gas undertaker, an electricity undertaker, a water undertaker or a sewerage undertaker or the airport operator (within the meaning of the Airports (Northern Ireland) Order 1994(a)) of any airport to which Article 25 of that Order applies.

#### **Reduction of rates in respect of certain qualifying hereditaments**

3. Subject to regulation 5 and the condition in regulation 6, the amount which, apart from these Regulations, would be payable for a qualifying year on account of a rate in respect of the net annual value of a qualifying hereditament shall be reduced by---

- (a) 50% if the net annual value of the hereditament does not exceed £2,000;
- (b) 25% if the net annual value of the hereditament exceeds £2,000 but does not exceed £5,000.

#### **Reduction of rates in respect of certain hereditaments used as post offices**

4. Subject to regulation 5 and the condition in regulation 6, the amount which, apart from these Regulations, would be payable for a qualifying year on account of a rate in respect of the net annual value of a hereditament the whole or any part of which is used as a post office, shall be reduced by---

- (a) 100% if the net annual value of the hereditament does not exceed £9,000;
- (b) 50% if the net annual value of the hereditament exceeds £9,000 but does not exceed £12,000.

#### **Community obligation**

5. Regulations 3 and 4 shall apply only to the extent that the reductions thereunder do not contravene a Community obligation.

#### **Condition for reduction of rates in certain circumstances**

6. (1) The condition referred to in regulations 3 and 4 is that where a person who is chargeable to rates in respect of a hereditament to which regulation 3 or 4 applies is not the occupier of the hereditament and receives payments from another person in respect of that other person's occupation of the hereditament, it appears to the Department that a sum equal to the amount of the reduction will be applied for the benefit of that other person.

(2) In paragraph (1) the reference to a person who is chargeable to rates includes a reference to a person who, but for regulation 4(a), would be chargeable to rates.

Sealed with the Official Seal of the Department of Finance and Personnel on 8th January 2010.



*Brian McClure*  
A senior officer of the Department of Finance and Personnel

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(a) S.I. 1994/426 (N.I.1)

## SCHEDULE

Regulation 2

### EXCEPTED HEREDITAMENTS

1. A hereditament which is used only for the purposes of a machine which provides automatic telling and other services on behalf of a bank or building society.
2. A hereditament which is used only for the display of advertisements.
3. A hereditament which is used only for, or in connection with, the parking of motor vehicles.
4. A hereditament which is used only for, or in connection with, telecommunications masts and towers.
5. A hereditament which is occupied by a Northern Ireland department or by a Minister of the Crown or by any officer or body exercising functions on behalf of the Crown.
6. A hereditament which is occupied by a body established by or under a statutory provision or by a statutory undertaker.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations provide for rate relief in respect of certain small business hereditaments for any financial year ending before 1st April 2015.

Regulation 3 applies to business hereditaments which are wholly occupied, are not an excepted hereditament (as defined) and which are not, in whole or in part, used as a post office. Where the net annual value of such a hereditament does not exceed £2,000, the rates payable are reduced by 50% and where the net annual value of such a hereditament exceeds £2,000 but does not exceed £5,000, the rates payable are reduced by 25%.

Regulation 4 applies to hereditaments the whole or any part of which is used as a post office. Where the net annual value of such a hereditament does not exceed £9,000, no rates are payable and where the net annual value of such a hereditament exceeds £9,000 but does not exceed £12,000, the rates payable are reduced by 50%.

Regulation 5 provides that the reductions under regulations 3 and 4 apply only to the extent that they do not contravene the State Aid rules of the European Community.

Regulations 3, 4 and 6 provide that where rates are payable by the owner rather than the occupier of a small business hereditament, the reduction of rates is conditional on the owner applying the amount of the reduction for the benefit of the occupier.

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## **EXPLANATORY MEMORANDUM TO**

### **The Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010**

**S.R. 2010 No. 004**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31C of the Rates (Northern Ireland) Order 1977 and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. These Regulations provide for rate relief in respect of certain small business hereditaments for the period up to 31st March 2015. The Regulations also provide for enhanced relief for post offices.
- 2.2. Regulation 1 – contains the citation and commencement provisions.
- 2.3. Regulation 2 – contains the interpretation provisions.
- 2.4. Regulation 3 – provides for the relief available for qualifying hereditaments. A 50% reduction in rates if the NAV of the hereditament does not exceed £2,000 and a 25% reduction if the NAV exceeds £2,000 but does not exceed £5,000.
- 2.5. Regulation 4 – provides for the relief available for post offices. A 100% reduction in rates if the NAV of the hereditament does not exceed £9,000 and a 50% reduction if the NAV exceeds £9,000 but does not exceed £12,000.
- 2.6. Regulation 5 – provides that the reductions under regulations 3 and 4 apply only to the extent that they do not contravene the State aid rules of the European Community. The relief is being granted as de minimis aid in line with Commission Regulation (EC) No. 1998/2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid. There is currently a ceiling of 200,000 euros on the total de minimis aid that can be granted to any one business undertaking in the UK from all public sources over a rolling 3 year period. As aid in Northern Ireland will be granted in sterling the equivalent amount in euros must be calculated using the exchange rate which was current at the time the aid was granted.
- 2.7. Regulation 6 – provides that where rates are payable by the landlord rather than by the occupier of a hereditament, the relief is conditional on the landlord applying the amount of the relief for the benefit of the occupier.
- 2.8. Schedule – the Schedule lists the types of hereditaments which are excluded from the scheme ("excepted hereditaments").

### **3. Background**

- 3.1. The idea of a small business rate relief scheme was first raised in an Executive consultation paper in May 2002. It recognised that there was evidence that rates are a higher percentage of overheads for smaller firms. The case for a scheme was again examined and consulted on as part of a review published in March 2005. At that time Direct Rule Ministers took the decision not to implement a scheme as there was concern that it would not target those businesses most in need. They concluded that a review of the case for introducing small business rate relief should be carried out during 2007.
- 3.2. The Economic Research Institute of Northern Ireland (ERINI) carried out the review in 2008 to establish if there was sufficient rationale for implementing the scheme and how it would be funded. They examined the success of similar schemes in England and Wales and looked at the State aid implications which may be created by such a scheme. Their conclusions were based on consultation with stakeholders, evidence obtained and analysis carried out. ERINI concluded that there was no compelling economic justification for implementing a small business rate relief scheme but that if the Executive were still minded to do so the Welsh model should be followed.
- 3.3. Due to the significant change in economic circumstances after the ERINI Report the then Finance Minister announced his decision to implement the scheme on 15th December 2008. This announcement was welcomed by small businesses in Northern Ireland. Provision was then made in the Rates (Amendment) Act (Northern Ireland) 2009 enabling such a scheme to be introduced on 1st April 2010.

### **4. Consultation**

- 4.1. The Department carried out a consultation on the initial Integrated Impact Assessment focusing on the impact of the scheme rather than the policy behind it. The consultation period closed on 23 June 2009 and 12 responses were received. There was universal support for the enhanced post office scheme with only one respondent strongly opposed to the "retail" relief scheme. The main concerns of the respondents were that the scheme would not be targeted towards areas of higher social need and many small businesses with higher NAVs, in areas such as Belfast, would not benefit from the scheme. However most were of the opinion that the scheme was welcome especially in the current economic climate.

### **5. Equality Impact**

- 5.1. An initial Equality Impact Assessment of the scheme did indicate that the eligible small businesses are more likely to be located in wards which tend to have a higher proportion of persons from a Catholic community background.

### **6. Regulatory Impact**

- 6.1. An initial Regulatory Impact Assessment was undertaken in relation to the scheme, the results of which suggest that the scheme will not have a detrimental impact on the degree of competition in the market for goods



and services affected by the policy. There is also no detrimental impact on small businesses.

## **7. Financial Implications**

- 7.1. The scheme, including enhanced relief for post offices, is expected to cost between £9m and £10m per annum in lost revenue. The relief will be applied automatically and as no application process will be needed administrative costs are expected to be minimal.

## **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

## **9. EU Implications**

- 9.1. See paragraph 2.6.

## **10. Parity or Replicatory Measure**

- 10.1. Similar rate relief schemes exist in the rest of the UK and the Department took the decision on the recommendation of ERINI that the Northern Ireland scheme would be based on the Welsh scheme under the Non-Domestic Rating (Small Business Relief) (Wales) Order 2006 (S.I. 2006/3345 (W. 306)).
- 10.2. Subsequent changes made to the Welsh scheme in 2007 in relation to retail premises, child care premises and credit union premises have not been adopted in the Northern Ireland scheme. The Northern Ireland scheme, therefore, follows the structure of the original Welsh scheme with one level of relief for certain qualifying hereditaments and enhanced relief for post offices. However the Northern Ireland scheme also makes a number of modifications to the "excepted hereditaments" in the Welsh scheme as there are differences in the way data on hereditaments is held in Northern Ireland and the way in which certain types of hereditaments are legislated for.

## **11. Additional Information**

- 11.1. Not applicable.



## **Small Business Rate Relief Fact Sheet**

The Small Business Rate Relief Scheme is a new Northern Ireland Government initiative that will provide some small business owners with rate relief.

Eligibility is based on the net annual value (NAV) of each business property. There are two levels of Small Business Rate Relief:

### **What is the Small Business Rate Relief Scheme?**

The Small Business Rate Relief Scheme is a new Northern Ireland Government initiative that will provide some small business owners with rate relief.

### **Who is eligible?**

Eligibility is based on the net annual value (NAV) of each business property.

There are two levels of Small Business Rate Relief:

1. Business properties with an NAV of £2,000 or less
2. Business properties with an NAV of more than £2,000 but not more than £5,000

### **How much relief will I receive?**

The amount of relief you receive will be dependent on the net annual value (NAV) of each of your properties:

1. Business properties with an NAV of £2,000 or less will receive a reduction of 50% relief
2. While those with an NAV of more than £2,000 but not more than £5,000 will receive 25% relief

The Small Business Rate Relief will provide an average relief of between £300 and £430 per year.

### **How do I apply?**

There is no application procedure for the Small Business Rate Relief.

Instead, relief will be applied automatically by Land & Property Services to all businesses that qualify. This will make sure that all who are eligible will receive the benefit of the rate relief immediately.

There may be occasions, due to data quality issues, when we may not have the relevant information to apply the relief automatically, or we may have awarded it when it is not due. If you think that you should have been awarded the relief, or you believe you have been awarded it in error, please contact Land & Property Services immediately by phoning 101.

#### When will I receive the Small Business Rate Relief?

Qualifying businesses will receive the relief on their April 2010 bill and each subsequent annual bill during the life of the scheme.

#### What sort of businesses qualify?

All business sectors are entitled. This is provided that the premises in question are within the net annual value limits.

LPS does not hold information on whether a business ratepayer is a commercial enterprise or other organisation. This means that as this relief is applied automatically, there will be business ratepayers who are not commercial undertakings (such as small clubs) who will be eligible.

There is special provision for small post offices and information about this scheme can be found online at [www.ipson.gov.uk](http://www.ipson.gov.uk).

#### Are there any exclusions?

Excluded are properties that are unoccupied or partially unoccupied, ATMs, property used for the display of advertisements, car parks, sewage works, telecommunications masts and government buildings.

#### Why is net annual value (NAV) used?

It is much easier to administer, for ratepayers and government, than a scheme that is dependent on employment and turnover thresholds. It was decided to use the tried and tested criteria used in the rest of the UK namely NAV thresholds. This means that the scheme is really a small business premises relief scheme and because of this there will be small businesses that will not qualify.

#### How do I find out what my net annual value limits are?

Go to <http://lpsni.gov.uk/vListNDN/search.asp?submit-form> to search for the net annual value of your property. Alternatively this information should be on your rate bill.

#### Why are the thresholds not higher?

The thresholds adopted are those that applied to the original Small Business Rate Relief Scheme in Wales, which was introduced in 2007. The Small Business Rate Relief Scheme will cost our Government around £9m a year. Higher thresholds would render the scheme unaffordable.

#### How long is it for?

It is intended that the scheme will have a life of 5 years and it will be reviewed before then to establish its effectiveness and value for money.

#### What do I contact for more information?

For more information, please phone 101.



## Rate Relief for Small Post Offices

The Small Business Rate Relief Scheme is a new Government scheme that includes enhanced rate relief for post offices.

The aim is to help maintain services in disadvantaged areas, particularly our smaller independent post offices.

This fact sheet answers any questions that you may have about the scheme.

### What is the Small Business Rate Relief Scheme?

The Small Business Rate Relief Scheme is a new Northern Ireland Government initiative that will provide small post offices with rate relief.

### Who is eligible?

Eligibility is based on the net annual value (NAV) of the post office. The net annual value is also known as the rental value of a non domestic property.

There are two levels of Small Business Rate Relief:

1. Post offices with an NAV of £9,000 or less
2. Post offices with an NAV of more than £9,000 but not more than £12,000

### How much relief will I receive?

The amount of relief you receive will be dependent on the net annual value (NAV) of your property:

1. Post offices with an NAV of £9,000 or less are awarded 100% relief
2. Post offices with an NAV of more than £9,000 but not more than £12,000 will receive 50% relief

The Small Business Rate Relief will provide post offices with an average relief of between £1,620 and £2,580 per year.

### How do I apply?

There is no application procedure for the Small Business Rate Relief.

Instead, relief will be paid automatically by Land & Property Services to all post offices that qualify. This will make sure that all who are eligible will receive the benefit of the rate relief immediately.

### When will I receive the Small Business Rate Relief?

Qualifying post offices will receive the relief on their April 2010 bill and each subsequent annual bill during the life of the scheme.

How long is it for?

It is intended that the scheme will have a life of 5 years and it will be reviewed before then to establish its effectiveness and value for money.

Why is net annual value (NAV) used?

It is much easier to administer, for ratepayers and government, than a scheme that is dependent on employment and turnover thresholds. It was decided to use the tried and tested criteria used in the rest of the UK namely NAV thresholds. This means that the scheme is really a small business premises relief scheme.

How do I find out what my NAV limits are?

Go to <http://ipsnl.gov.uk/VLstNDN/search.asp?submit=form> to search for the net annual value of your property. Alternatively this information should be on your rate bill.

Who do I contact for more information?

For more information, please phone 101.